

ST. JOSEPH CHARTER TOWNSHIP
BERRIEN COUNTY, MICHIGAN

FINANCIAL REPORT

December 31, 2007

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name ST. JOSEPH CHARTER TOWNSHIP	County OSHTON BERRIEN
Fiscal Year End DECEMBER 31, 2007	Opinion Date JANUARY 29, 2008	Date Audit Report Submitted to State March 18, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) GERBEL & COMPANY, P.C. CPA'S		Telephone Number 269-983-0534	
Street Address 830 PLEASANT STREET		City ST. JOSEPH	State MI
		Zip 49085	
Authorizing CPA Signature <i>Robert L. Gerbel CPA</i>	Printed Name ROBERT L. GERBEL		License Number 3953

**ST. JOSEPH CHARTER TOWNSHIP
BERRIEN COUNTY, MICHIGAN**

FINANCIAL REPORT

December 31, 2007

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St. Joseph Charter Township

Management's Discussion and Analysis

As management of St. Joseph Charter Township, we offer readers of the St. Joseph Charter Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2007. This discussion and analysis is designed to a) assist the reader in focusing on the significant financial issues that occurred during the year, b) provide an overview of the financial activities of the fiscal year, c) identify changes in the Township's financial position, d) identify any material deviations from the approved budget, and e) identify individual fund issues or concerns. All amounts are expressed in actual dollars.

Financial Highlights

- Per the Statement of Net Assets, the assets of St. Joseph Charter Township exceeded its liabilities at the close of the fiscal year by \$13,699,271. Of this amount, \$9,784,899 may be used to meet the Township's ongoing obligations to its citizens and creditors.
- The Township's total net assets increased \$1,085,177 from the previous year.
- As of the close of the current fiscal year, the St. Joseph Charter Township's governmental funds reported combined ending fund balances of \$3,789,186, an increase of \$517,394. Approximately 97% of this total amount, \$3,680,644, is available for spending at the Township's discretion.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$1,366,887 or 130 % of total General Fund expenditures for 2007.
- The St. Joseph Charter Township's total debt decreased by \$20,224 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to St. Joseph Charter Township's basic financial statements. The Township's basic financial statements comprise three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government wide financial statements are designed to provide readers with a broad overview of St. Joseph Charter Township's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of St. Joseph Charter Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of St. Joseph Charter Township is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of St. Joseph Charter Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of St. Joseph Charter Township include legislative, general government, public safety, public works, recreation and cultural. The business-type activities of the Township included the water and sewer funds.

The government-wide financial statements can be found on pages 3 - 4 of this report.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. St. Joseph Charter Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of St. Joseph Charter Township can be divided into three categories: Governmental funds, Proprietary funds, and Fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of a government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

St. Joseph Charter Township maintains thirteen individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the major funds - General Fund, Public Safety Fund, Garbage and Rubbish Collection Fund, and Water Replacement and Improvement Fund. The data for the remaining non-major governmental funds are combined into a single aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

St. Joseph Charter Township adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for the General Fund, the Public Safety Fund, and the Garbage and Rubbish Collection Fund to demonstrate compliance with the respective appropriated budget.

The basic Governmental Fund Financial Statements can be found on pages 5 - 8 of this report.

Proprietary Funds

St. Joseph Charter Township maintains one type of proprietary fund – Enterprise Fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. St. Joseph Charter Township uses enterprise funds to account for its Water and Sewer Operating Funds. The Township has no internal service funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Operating Funds and are considered to be major funds of the Township.

The basic Proprietary Fund Financial Statements can be found on pages 9 - 12 on this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support St. Joseph Charter Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

St. Joseph Charter Township is a trustee/agent for other government units for which it collects tax payments. The Township is responsible for ensuring that the tax dollars collected in the Tax Fund is distributed to the proper government unit. The Township is also trustee/agent of water and sewer payments received from Township residents served by the City of Benton Harbor Water Billing Department. The Township is responsible for the distribution of these escrowed funds to the City of Benton Harbor and to the Water and Sewer Funds in the Proprietary Fund.

The basic Fiduciary Fund Financial Statements can be found on page 13 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes of the financial statements can be found on pages 14 - 26 of this report.

Other Information

Following the basic financial statements is additional required supplementary information that further explains and supports the information in the financial statements. The required supplementary information includes budgetary comparison schedules.

The combined statements referred to earlier in conjunction with non-major governmental funds are presented immediately following the required supplementary statements.

The supplementary information can be found on pages 27-45 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of St. Joseph Charter Township's financial position, assets exceeded liabilities by \$13,699,271 at the close of the most recent fiscal year.

A portion of St. Joseph Charter Township's net assets - \$3,805,830 reflects its investment in capital assets (e.g., land, buildings, building improvements, land improvements, books, vehicles, furniture and equipment, and utility systems), less any related debt used to acquire those assets that is still outstanding. St. Joseph Charter Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although St. Joseph Charter Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

St. Joseph Charter Township Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total	
	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY2006
Current and other assets	\$6,800,032	\$6,214,728	\$3,360,491	\$2,675,248	\$10,160,523	\$8,889,976
Capital Assets	<u>1,897,847</u>	<u>1,862,525</u>	<u>1,993,464</u>	<u>2,305,940</u>	<u>3,891,311</u>	<u>4,168,465</u>
Total Assets	<u>\$8,697,879</u>	<u>\$8,077,253</u>	<u>\$5,353,955</u>	<u>\$4,981,188</u>	<u>\$14,051,834</u>	<u>\$13,058,441</u>
Long-term liabilities Outstanding	\$68,572	\$96,679	\$5,444	\$4,725	\$74,016	\$101,404
Other Liabilities	<u>213,922</u>	<u>262,871</u>	<u>64,625</u>	<u>80,072</u>	<u>278,547</u>	<u>342,943</u>
Total Liabilities	<u>\$282,494</u>	<u>\$359,550</u>	<u>\$70,069</u>	<u>\$84,797</u>	<u>\$352,563</u>	<u>\$444,347</u>
Net Assets:						
Invested in capital assets, net of						
Related debt	\$1,812,366	\$1,724,602	\$1,993,464	\$2,305,940	\$3,805,830	\$4,030,542
Restricted	108,542	91,633	-	-	108,542	91,633
Unrestricted	<u>6,494,477</u>	<u>5,901,468</u>	<u>3,290,422</u>	<u>2,590,451</u>	<u>9,784,899</u>	<u>8,491,919</u>
Total net assets	<u>\$8,415,385</u>	<u>\$7,717,703</u>	<u>\$5,283,886</u>	<u>\$4,896,391</u>	<u>\$13,699,271</u>	<u>\$12,614,094</u>

An additional portion of the Township's net assets (\$108,542) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$9,784,899 may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, St. Joseph Charter Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The Township's net assets increased by \$1,085,177 during the current fiscal year. Current and other assets increased by \$1,270,547 while capital assets decreased by \$277,154 due to depreciation mainly in the Enterprise Funds for Water and Sewer Operating Funds. Long term liabilities declined by \$27,388 due to the payments on the Colfax and Napier Property. Other Liabilities decreased by \$64,396 – due to reductions in accounts payable and due to other fund transfers at year-end.

Governmental Activities

Governmental activities increased the Township's net assets by \$697,682, thereby accounting for 64.3% of the total growth in the net assets of St. Joseph Charter Township. Key elements of this increase are as follows:

St. Joseph Charter Township Change in Net Assets

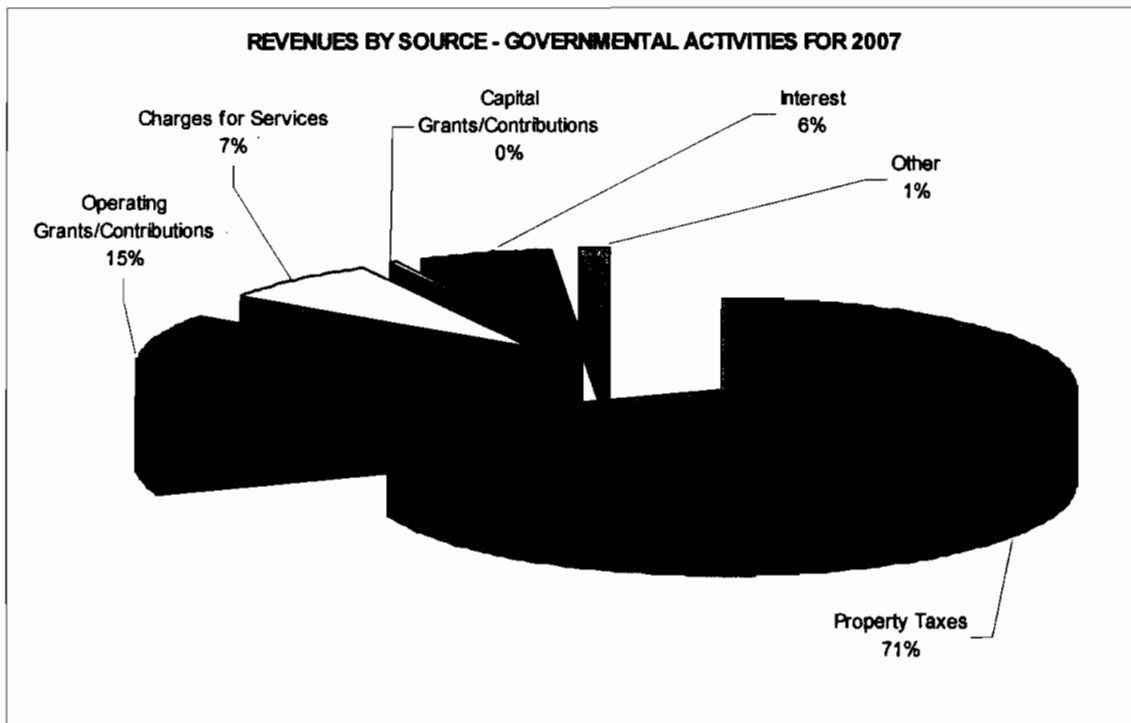
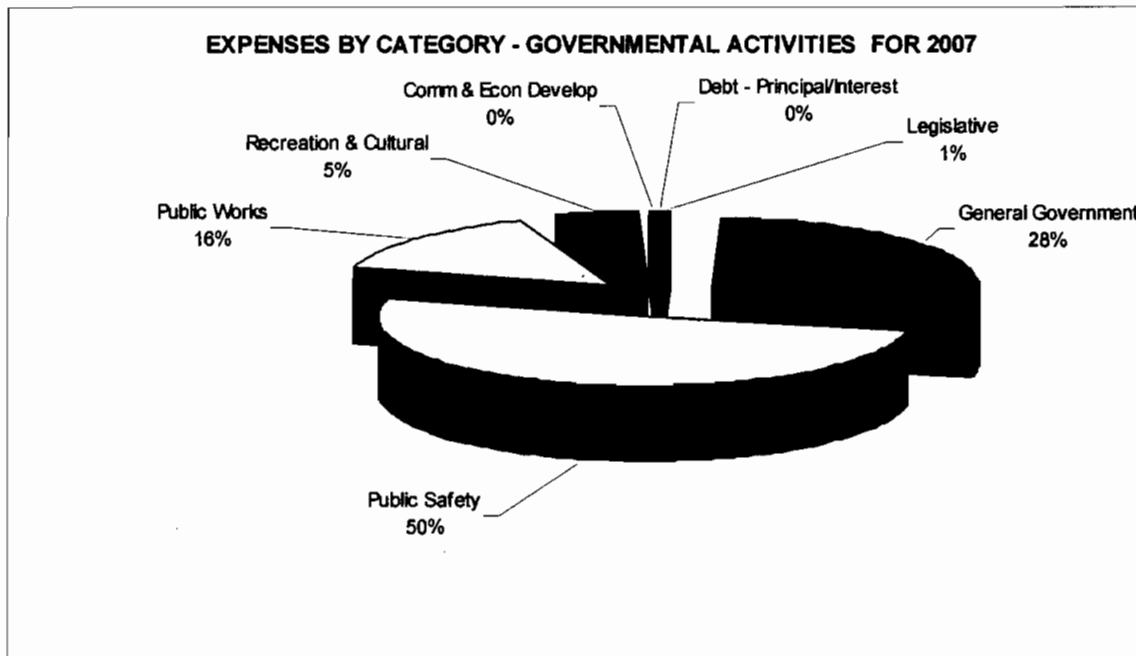
	Governmental Activities		Business-Type Activities		Total	
	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006
Revenues:						
Program Revenues:						
Charges for Services	\$308,656	\$ 314,745	\$1,387,779	\$1,280,389	\$1,696,435	\$1,595,134
Operating grants/contributions	631,592	622,828	-	-	631,592	622,828
Capital Grants/contributions	16,909	17,034	-	-	16,909	17,034
General Revenues:						
Taxes	\$2,881,885	\$2,758,707	-	-	\$2,881,885	\$2,758,707
Fines, fees and forfeits	-	-	-	-	-	-
Interest earnings	243,852	182,085	143,581	86,999	387,433	269,084
Gain (loss) on Sale	(10,627)	(4,788)	-	-	(10,627)	(4,788)
Other revenue	95,417	86,544	180,746	29,903	276,163	116,447
Transfers	(23,322)	- 0 -	23,322	-	-	-
Total Revenues and transfers	<u>\$4,144,362</u>	<u>\$3,977,155</u>	<u>\$1,735,428</u>	<u>\$1,397,291</u>	<u>\$5,879,790</u>	<u>\$5,374,446</u>
Expenses:						
Legislative	\$21,843	\$ 23,313	-	-	\$21,843	\$ 23,313
General government	952,708	1,018,039	-	-	952,708	1,018,039
Public Safety	1,749,548	1,739,382	-	-	1,749,548	1,739,382
Public works	534,248	618,306	-	-	534,248	618,306
Recreation and culture	171,274	181,085	-	-	171,274	181,085
Community/economic develop	16,067	-	-	-	16,067	-
Debt Service	992	2,293	-	-	992	2,293
Water Operating	-	-	\$209,156	\$ 173,545	\$209,156	\$ 173,545
Sewer Operating	-	-	1,138,777	1,163,212	1,138,777	1,163,212
Total Expenses	<u>\$3,446,680</u>	<u>3,582,418</u>	<u>\$1,347,933</u>	<u>\$1,336,757</u>	<u>\$4,794,613</u>	<u>\$4,919,175</u>
Increase (Decrease) in Net Assets	\$697,682	\$ 394,737	\$387,495	\$ 60,534	\$1,085,177	\$ 455,271
Net Assets, January 1, 2007	<u>7,717,703</u>	<u>7,322,966</u>	<u>4,896,391</u>	<u>4,835,857</u>	<u>12,614,094</u>	<u>12,158,823</u>
<u>Net Assets, December 31, 2007</u>	<u>\$8,415,385</u>	<u>\$7,717,703</u>	<u>\$5,283,886</u>	<u>\$4,896,391</u>	<u>\$13,699,271</u>	<u>\$12,614,094</u>

In comparing 2007 to 2006:

- Property Taxes collections increased by \$123,178.
- Interest earnings increased by \$118,349 due to higher interest rates and investment in longer term certificates of deposit.
- Public Safety Fund expenditures increased by \$10,166 as three squad cars were purchased this year instead of the usual two.
- Overall expenditures in the Governmental activities decreased by \$135,738 primarily to staff reductions and the majority of departments spending less than budget.
- Expenditures in the Water Fund increased by approximately \$35,611
- Expenditures in the Sewer Fund decreased by approximately \$24,435

St Joseph Charter Township

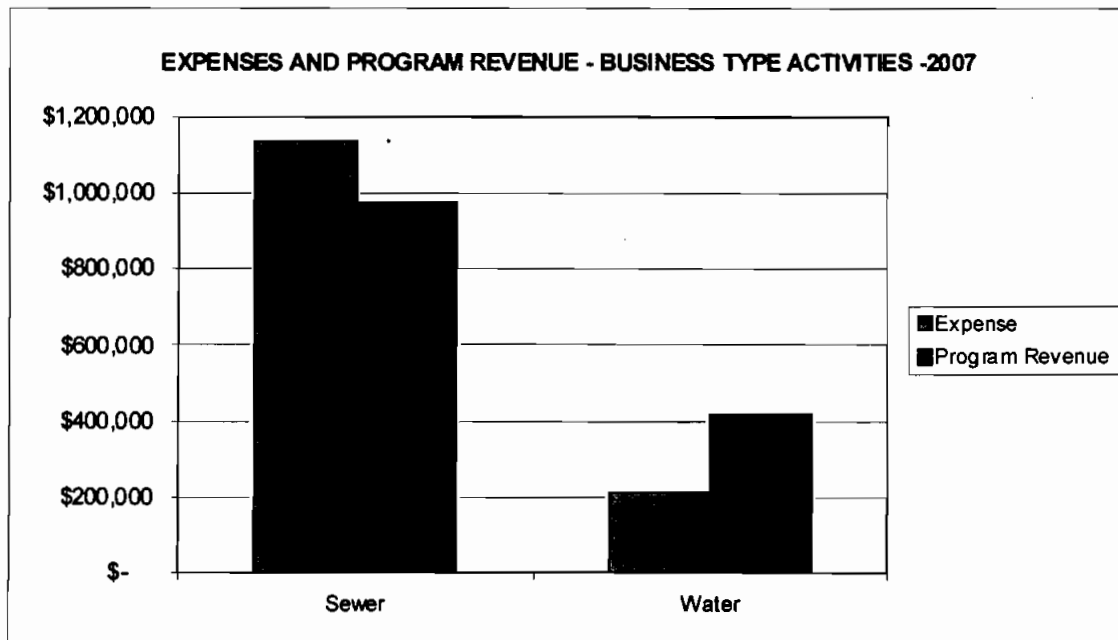
Expenses and Program Revenue – Governmental Activities



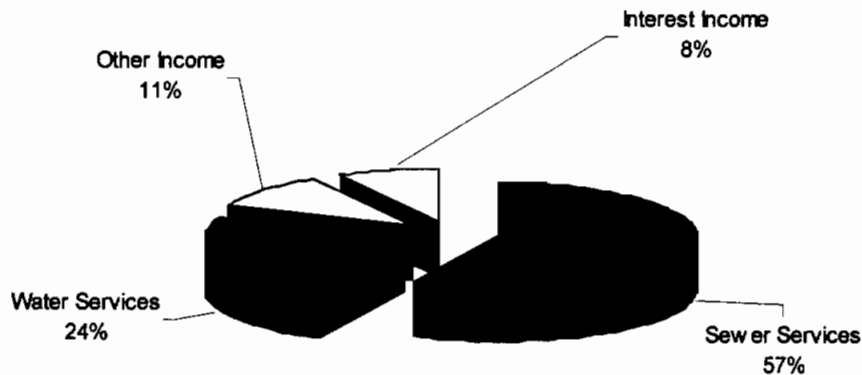
Business-Type Activities

Business-type activities increased the Township's net assets by \$387,495, accounting for 35.7% of the total growth in the Township's net assets. Key elements of this increase are as follows:

- Charges for services for business-type activities increased by \$107,390 due to increase in usage
- Interest earnings increased by approximately \$56,500 due to higher interest rates and investments in longer term certificates of deposit.
- A one time increase in revenues was received from Lincoln Township for Lincoln Township residents using SJCT sewer lines. Prior to this reimbursement, Lincoln was receiving the revenue while having no expense. Now on a quarterly basis, the usage of these residents will be deducted from SJCT share of the sewer treatment costs and applied to Lincoln Township.
- Transmission fees from Royalton Township accounted for approximately \$37,000 in revenue.



REVENUES BY SOURCE-BUSINESS-TYPE ACTIVITIES - 2007



Financial Analysis of the Township's Funds

As noted earlier, St. Joseph Charter Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of St. Joseph Charter Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing St. Joseph Charter Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, St. Joseph Charter Township's governmental funds reported combined ending balances of \$3,789,186 an increase of \$517,394 from the prior year. Approximately 97% of this total amount (\$3,680,644) constitutes unreserved, undesignated fund balance, which is available for spending at the Township's discretion. The remainder of the fund balance is reserved or designated to indicate that it is not available for new spending as it has restrictions on its use.

The General Fund is the chief operating fund of St. Joseph Charter Township. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was \$1,366,877, while total fund balance reached \$1,475,429. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Unreserved, undesignated fund balance represents 130% of total General Fund 2007 expenditures, while total fund balance represents 140% of that same amount. For 2008, General Fund Operating Expenditure budget is \$1,330,025. The undesignated fund balance represents 102.7% of this budget.

The fund balance of St. Joseph Charter Township's General Fund increased by \$183,764 during the current fiscal year compared to a \$64,651 decrease in 2006. Key factors in this increase are as follows:

- The resignation and reorganization of two staff members during the year resulted in salary and benefits savings of approximately \$91,700.
- State Revenue Sharing & Metro Act Fees increased by \$5,883 from 2006.
- Property taxes and administrative fee collections increased by \$16,541.
- Interest income increased by \$7,479.
- Total revenues for 2007 increased by \$10,164 when compared to 2006 while expenditures decreased by \$228,320.

- \$40,000 was transferred out to the Eaton Park Playground Equipment Grant as a match for a State of Michigan Grant.
- \$7,500 was transferred to the Hollywood Road Corridor Study Project with Royalton Township and Berrien County contributing funds to the project.
- Other revenue sources decreased by \$18,992.

In 2007, the fund balance of St. Joseph Charter Township's Public Safety Fund increased by \$200,153. At the end of the current fiscal year, the unreserved fund balance of the Public Safety Fund was \$913,624. As a measure of the Public Safety Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 58% of total Public Safety 2007 expenditures. It is recommended by the Township's auditors that the fund balance in this fund be 3 to 6 months of expenditures. It would appear that we have met that guideline.

The key factors in this growth are as follows:

- Due to the increase in interest rates and the investment of funds in longer term certificates of deposit, interest earnings were \$35,710 higher than 2006.
- Property Tax collections increased by \$65,027.
- Total revenues were approximately \$87,346 higher than 2006
- Total expenditures were approximately \$8,788 higher than 2006, but were \$159,460 less than the 2007 budget.

In 2007, the Township's Garbage and Rubbish Collection fund balance increased by \$79,383. At the end of the current fiscal year, the unreserved fund balance of the Garbage and Rubbish Collection Fund was \$410,475. As a measure of the Garbage and Rubbish Collection funds liquidity, it may be useful to compare reserved fund balance to total fund expenditures. Unreserved fund balance represents 79 % of total Garbage and Rubbish Collection expenditures.

The key factors in this growth are as follows:

- Due to the increase in interest rates and the investment in longer term certificates of deposit, earnings increased by approximately \$8,200
- Property Tax collections increased by approximately \$22,100
- Overall, total revenue increased by approximately \$35,000
- Total expenditures increased by approximately \$10,300

The remaining Governmental funds fund balances increased by \$54,094. At the end of the fiscal year, the total unrestricted fund balance of all remaining Governmental funds was \$989,658.

Proprietary Funds

The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

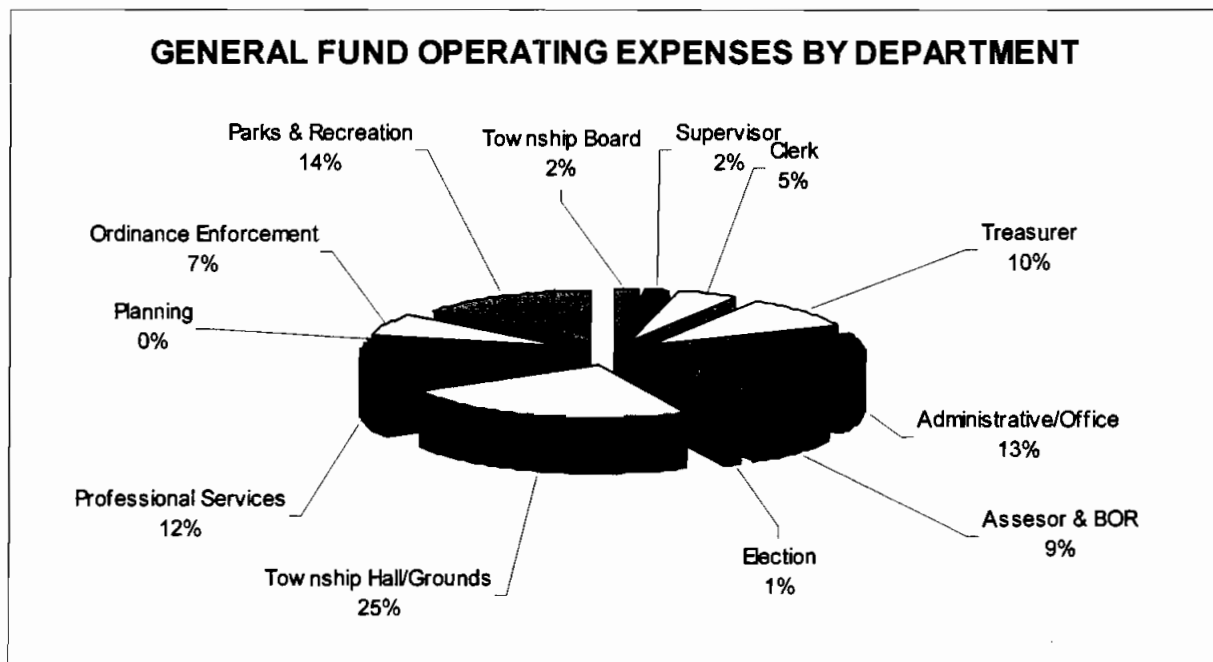
Unrestricted net assets of the Water Operating and Sewer Operating Funds, at the end of the current fiscal year amounted to \$3,290,422. The total growth in net assets for both funds was \$314,935 and \$72,560 respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of St. Joseph Charter Township's business-type activities.

During 2007, the Lake Michigan Shoreline Water & Sewage Treatment Authority sold \$6,270,000 in bonds for the construction of two water towers and two booster stations. During the next 25 years, the townships of St. Joseph Charter, Lincoln Charter, and Royalton are responsible for their pro rata share of principal and interest. The repayment of principal and interest will be expensed to the Water Operating Fund.

General Fund Budgetary Highlights

During the year there was a decrease of \$40,000 in expenditure appropriations between the original and final amended budget. In addition there was a further reduction of \$153,807 in actual expenditures.

- The savings in salary and fringe benefits due to the resignation and reorganization of two staff members and their positions not replaced in the current fiscal year, resulted in a savings of approximately \$91,700.
- Funds were budgeted from a storage building and a pavilion in the parks department. Only the storage building was erected, resulting in a savings of \$33,280.
- However, \$40,000 was transferred out of the Parks budget as a match to the new Eaton Park Playground Equipment Grant fund.
- Expenditures in the Township Services department were approximately \$20,000 less budgeted.
- Expenditures in the Treasurer's Department declined by approximately \$8,900
- The expenditures in the Building and Grounds Department exceed budget by \$7,800 due to the new generator installed at the Township Hall.
- For 2007, \$1,244,640 was budgeted for expenditures while actual expenditures was \$1,098,333 which included \$47,500 which was transferred to other funds
- For 2007, \$1,172,235 was budgeted for revenues. Actual revenue collected was \$1,281,097, an increase of \$108,862.



Capital Asset and Debt Administration

St. Joseph Charter Township's investment in capital assets for its governmental and business-type activities as of December 31, 2007, amounts to \$3,891,311 (net of accumulated depreciation). This investment in capital assets includes, land, buildings, building improvements, land improvements, books, vehicles, furniture and equipment, and utility system. The total decrease in the Township's investment in capital assets for the current fiscal year was 6.6% or \$277,154.

Major capital asset events during the current fiscal year included the following:

- Insulation of the ceiling in the Township Hall
- New Storage Building in the Parks Department
- New windows installed at the Township Hall
- Purchase of a generator for the Township Hall
- Purchase of 3 squad cars for the Police Department
- Purchase of laptop computers for use in Township squad cars and along A/V mics.
- New telephone System for Township Hall, Police Department, and Fire Station #1

St. Joseph Charter Township Capital Assets (Net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006
Land	\$366,644	\$ 366,644,	\$ -	\$ -	\$366,644	\$366,644
Construction in progress	38,285				38,285	
Buildings	690,192	702,295	3,120	3,601	693,312	705,896
Building Improvements	66,210	52,783		-	66,210	52,783
Land Improvements	284,537	309,993		-	284,537	309,993
Books	156,191	152,026		-	156,191	152,026
Vehicles	204,080	181,398	11,134	14,533	215,214	195,931
Furniture and Equipment	91,708	97,386	64,722	75,424	156,430	172,810
Utility Systems	-	-	1,914,488	2,212,382	1,914,488	2,212,382
Total Capital Assets	<u>\$1,897,847</u>	<u>\$1,862,525</u>	<u>\$1,993,464</u>	<u>\$2,305,940</u>	<u>\$3,891,311</u>	<u>\$4,168,465</u>

Additional information on St. Joseph Charter Township's capital assets can be found in note 4 on pages 21– 22 of this report.

Long-Term Debt

At the end of the current fiscal year, St. Joseph Charter Township had total long-term notes outstanding of \$18,128. The amount is secured by the assets purchased with the note proceeds. The Township had total compensated absences of \$55,888.

St. Joseph Charter Township's debt decreased by \$20,224 during the current fiscal year.

The loan for the building at Colfax and Napier Avenues currently housing the Senior Nutrition Center will be paid in November 2008.

Additional information of St. Joseph Charter Township's debt can be found on Note 5 on pages 22 - 23 of this report.

Economic Factors and Next Year's Budget and Rates

- Due to the current State and national economic pictures, revenues have been budgeted conservatively.
- Salary increases were 2% for full and part-time employees not affiliated with the police officers union.
- The medical insurance plan for full time employees was changed resulting in an 8.4% increased in premiums compared to the original increase of 19%.

- Additional funds were budgeted in the Elections cost center due to four elections being conducted in 2008. This resulted in a budget increase of \$23,000 as compared to 2007.
- The budget for Buildings and Grounds contains funds for the painting of the exterior of the Township Hall.
- Funds have been budgeted for a Pavilion at the Maiden Lane Community Park.
- The Police Department has budgeted funds for the replacement of two squad cars.
- A 19% increase in Rubbish Collection fees has been budgeted due to increase from the provider which may necessitate the use of fund equity in future years to cover these costs.
- In the Sewer Operating Fund, a 15% increase in sewer rates will go into effect on January 1, 2008. An additional 2% increase will go into effect on April 1, July 1, October 1 and January 1, 2009, for total increase of 23%.
- As part of the Washington Avenue widening and paving project to be completed by the Berrien County Road Commission, St. Joseph Charter Township will contribute approximately \$95,000 to widen the shoulders on Washington Avenue from Maiden Lane to Hilltop Road.
- For 2008, St. Joseph Charter Township will contribute approximately \$65,200 towards the Old Hickory Drain #379 project. This will be a one time contribution.

In 2006, the Township residents passed a 10 year millage for Library Services. Sufficient funds have been received to maintain the Township's contract with the City of St. Joseph for library services at the Maud Preston Palenske Memorial Library and fully expect to meet those contractual obligations for the period of the millage.

During the current fiscal year, the unreserved, undesignated fund balance in the General Fund increased to \$1,366,887. The 2008 General Operation budget was approved with a projection that \$142,175 of fund equity could be needed to balance the budget. However, with the uncertain State of Michigan economic picture, it is possible that the Township will not receive the anticipated budgeted monies for revenue sharing which will result in an erosion of the fund equity balance.

In 2008, the Water Operating Fund will expend approximately \$425,000 for the replacement of water lines on Washington Avenue. In addition, \$139,240 has been budgeted for the Township's share of principal and interest for the LMSW&STA water tower project.

For 2008, the Sewer Operating Fund, \$10,000 has been budgeted for a by-pass pump for the small lift stations.

Request for Information

This financial report is designed to provide a general overview of St. Joseph Charter Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provide in this report or request for additional financial information should be addressed to:

**St. Joseph Charter Township
3000 Washington Avenue
P O Box 147
St Joseph., MI 49085**

ST. JOSEPH CHARTER TOWNSHIP
TOWNSHIP BOARD

Ronald A. Griffin Supervisor
Denise Cook Clerk
David Vonk Treasurer
Charles Garlanger Trustee
Gary Bluschke Trustee
Melissa Schultz Trustee
Roger Seely Trustee

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

January 29, 2008

INDEPENDENT AUDITOR'S REPORT

Members of the Township Board
St. Joseph Charter Township
St. Joseph, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Joseph Charter Township, as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages I through XII and 27 through 29 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise St. Joseph Charter Township's basic financial statements. The combining and individual nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Gerbel & Company, P.C.

Right. On time.

ST. JOSEPH CHARTER TOWNSHIP
Statement of Net Assets
December 31, 2007

	Primary Government		
	Governmental	Business-type	
Assets	Activities	Activities	Total
Cash	\$ 3,939,138	\$ 3,098,672	\$ 7,037,810
Receivables	2,049,032	128,620	2,177,652
Due from other governments	100,000	89,646	189,646
Due from other funds	579,406	29,586	608,992
Prepaid expenses	132,456	13,967	146,423
Nondepreciable capital assets:			
Construction in progress	38,285	-	38,285
Land	366,644	-	366,644
Capital assets (net of related depreciation):			
Buildings	690,192	3,120	693,312
Building improvements	66,210	-	66,210
Land improvements	284,537	-	284,537
Books	156,191	-	156,191
Vehicles	204,080	11,134	215,214
Furniture and equipment	91,708	64,722	156,430
Utility systems	-	1,914,488	1,914,488
Total Assets	\$ 8,697,879	\$ 5,353,955	\$ 14,051,834
Liabilities			
Accounts payable	\$ 124,500	\$ 60,370	\$ 184,870
Payroll liabilities	59,753	3,863	63,616
Due to other funds	29,669	392	30,061
Noncurrent liabilities:			
Due within one year	24,708	-	24,708
Due in more than one year	43,864	5,444	49,308
Total Liabilities	\$ 282,494	\$ 70,069	\$ 352,563
Net Assets			
Invested in capital assets, net of related debt	\$ 1,812,366	\$ 1,993,464	\$ 3,805,830
Restricted for Metro Act	108,542	-	108,542
Unrestricted	6,494,477	3,290,422	9,784,899
TOTAL NET ASSETS	\$ 8,415,385	\$ 5,283,886	\$ 13,699,271

ST. JOSEPH CHARTER TOWNSHIP
Statement of Activities
For the Year Ended December 31, 2007

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Government Activities:				
Legislative	\$ 21,843	\$ -	\$ 631,592	\$ -
General government	952,708	122,169	-	-
Public safety	1,749,548	163,087	-	-
Public works	534,248	20,850	-	16,909
Recreation and cultural	171,274	2,550	-	-
Community and economic development	16,067	-	-	-
Interest on long-term debt	992	-	-	-
Total Government Activities	<u>\$ 3,446,680</u>	<u>\$ 308,656</u>	<u>\$ 631,592</u>	<u>\$ 16,909</u>
Business-type Activities:				
Sewer fund	\$ 1,138,777	\$ 973,869	\$ -	\$ -
Water fund	209,156	413,910	-	-
Total Business-type Activities	<u>\$ 1,347,933</u>	<u>\$ 1,387,779</u>	<u>\$ -</u>	<u>\$ -</u>
Total Primary Government	<u>\$ 4,794,613</u>	<u>\$ 1,696,435</u>	<u>\$ 631,592</u>	<u>\$ 16,909</u>
General revenues:				
Property taxes				
Interest				
Other revenue				
Gain (loss) on sale				
Transfers				
Total General Revenues and Transfers				
Change in Net Assets				
Net Assets - Beginning of Year				
NET ASSETS - END OF YEAR				

The accompanying notes are an integral part of these financial statements.

**Net (Expense) Revenue and
Changes in Net Assets
Primary Government**

Governmental Activities	Business-type Activities	Total
\$ 609,749	\$ -	\$ 609,749
(830,539)	-	(830,539)
(1,586,461)	-	(1,586,461)
(496,489)	-	(496,489)
(168,724)	-	(168,724)
(16,067)	-	(16,067)
<u>(992)</u>	<u>-</u>	<u>(992)</u>
 \$ (2,489,523)	 \$ -	 \$ (2,489,523)
 \$ -	 \$ (164,908)	 \$ (164,908)
<u>-</u>	<u>204,754</u>	<u>204,754</u>
 \$ -	 \$ 39,846	 \$ 39,846
<u>\$ (2,489,523)</u>	<u>\$ 39,846</u>	<u>\$ (2,449,677)</u>
 \$ 2,881,885	 \$ -	 \$ 2,881,885
243,852	143,581	387,433
95,417	180,746	276,163
(10,627)	-	(10,627)
<u>(23,322)</u>	<u>23,322</u>	<u>-</u>
 \$ 3,187,205	 \$ 347,649	 \$ 3,534,854
 \$ 697,682	 \$ 387,495	 \$ 1,085,177
<u>7,717,703</u>	<u>4,896,391</u>	<u>12,614,094</u>
 \$ 8,415,385	 \$ 5,283,886	 \$ 13,699,271
<u>\$ 8,415,385</u>	<u>\$ 5,283,886</u>	<u>\$ 13,699,271</u>

**ST. JOSEPH CHARTER TOWNSHIP
GOVERNMENTAL FUNDS
Balance Sheet
December 31, 2007**

	General Fund	Public Safety Fund	Garbage and Rubbish Collection Fund
Assets			
Current Assets:			
Cash	\$ 1,343,882	\$ 1,082,423	\$ 502,072
Receivables	265,469	1,234,035	423,397
Due from other governments	100,000	-	-
Due from other funds	95,075	335,601	114,410
Prepaid expense	<u>69,365</u>	<u>62,350</u>	<u>-</u>
Total Current Assets	<u>\$ 1,873,791</u>	<u>\$ 2,714,409</u>	<u>\$ 1,039,879</u>
TOTAL ASSETS	<u>\$ 1,873,791</u>	<u>\$ 2,714,409</u>	<u>\$ 1,039,879</u>
Liabilities and Fund Balances			
Current Liabilities:			
Accounts payable	\$ 48,140	\$ 25,250	\$ 45,900
Payroll liabilities	23,435	34,267	-
Due to other funds	-	29,669	-
Deferred revenue	<u>326,787</u>	<u>1,711,599</u>	<u>583,504</u>
Total Current Liabilities	<u>\$ 398,362</u>	<u>\$ 1,800,785</u>	<u>\$ 629,404</u>
Total Liabilities	<u>\$ 398,362</u>	<u>\$ 1,800,785</u>	<u>\$ 629,404</u>
Fund Balances:			
Reserved for:			
Restricted purposes	\$ 108,542	\$ -	\$ -
Unreserved, reported in			
General Fund	1,366,887	-	-
Special Revenue	-	913,624	410,475
Capital Projects	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>\$ 1,475,429</u>	<u>\$ 913,624</u>	<u>\$ 410,475</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,873,791</u>	<u>\$ 2,714,409</u>	<u>\$ 1,039,879</u>

The accompanying notes are an integral part of these financial statements.

Other Governmental Funds	Total Governmental Funds
--------------------------------	--------------------------------

\$ 1,010,761	\$ 3,939,138
126,131	2,049,032
-	100,000
34,320	579,406
<u>741</u>	<u>132,456</u>

<u>\$ 1,171,953</u>	<u>\$ 6,800,032</u>
---------------------	---------------------

<u><u>\$ 1,171,953</u></u>	<u><u>\$ 6,800,032</u></u>
----------------------------	----------------------------

\$ 5,210	\$ 124,500
2,051	59,753
-	29,669
<u>175,034</u>	<u>2,796,924</u>

<u>\$ 182,295</u>	<u>\$ 3,010,846</u>
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<u>\$ 182,295</u>	<u>\$ 3,010,846</u>
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\$ -	\$ 108,542
------	------------

-	1,366,887
113,614	1,437,713
<u>876,044</u>	<u>876,044</u>

<u>\$ 989,658</u>	<u>\$ 3,789,186</u>
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<u><u>\$ 1,171,953</u></u>	<u><u>\$ 6,800,032</u></u>
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ST. JOSEPH CHARTER TOWNSHIP
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
For the Year Ended December 31, 2007

Fund balances of governmental funds	\$ 3,789,186
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Amounts reported for governmental activities in the statement of net assets are different because:

Governmental funds report outlay as expenditures, but they are recorded as capital assets in the government-wide statements and depreciated over their useful lives.	1,897,847
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Long-term liabilities are not due and payable in the current period nor are they reflected as reductions to debt in the funds.	(10,245)
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Compensated absences are not due and payable in the current period nor are they reflected as reductions to debt in the funds.	(58,327)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>2,796,924</u>
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Net assets of governmental activities,	<u>\$ 8,415,385</u>
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**ST. JOSEPH CHARTER TOWNSHIP
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended December 31, 2007**

	<u>General Fund</u>	<u>Public Safety Fund</u>	<u>Garbage and Rubbish Collection Fund</u>
Revenues:			
Taxes	\$ 408,895	\$ 1,632,604	\$ 556,572
Licenses and permits	88,754	6,047	-
Contributions from local units	-	11,511	-
State revenues	645,745	-	-
Fines and forfeitures	657	7,553	-
Charges for services	4,975	3,345	350
Interest and rents	86,675	82,783	30,296
Other revenue	45,396	9,720	6,265
	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 1,281,097	\$ 1,753,563	\$ 593,483
Expenditures:			
Current:			
Legislative	\$ 21,843	\$ -	\$ -
General government	807,948	-	-
Public safety	70,827	1,557,910	-
Public works	-	-	514,100
Economic development	-	-	-
Recreation and cultural	150,215	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 1,050,833	\$ 1,557,910	\$ 514,100
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 230,264	\$ 195,653	\$ 79,383
Other Financing Sources (Uses):			
Operating transfers in	\$ -	\$ -	\$ -
Operating transfers out	(47,500)	-	-
Proceeds from sale of fixed assets	1,000	4,500	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	\$ (46,500)	\$ 4,500	\$ -
Net Change in Fund Balances	\$ 183,764	\$ 200,153	\$ 79,383
Fund Balances - Beginning of the Year	1,291,665	713,471	331,092
	<hr/>	<hr/>	<hr/>
FUND BALANCES - END OF YEAR	\$ 1,475,429	\$ 913,624	\$ 410,475

The accompanying notes are an integral part of these financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 166,954	\$ 2,765,025
143,505	238,306
22,500	34,011
2,756	648,501
-	8,210
23,137	31,807
74,431	274,185
25	61,406
<u>433,308</u>	<u>4,061,451</u>
\$ -	\$ 21,843
169,224	977,172
179,584	1,808,321
17,117	531,217
16,067	16,067
185	150,400
20,223	20,223
992	992
<u>403,392</u>	<u>3,526,235</u>
\$ 29,916	\$ 535,216
\$ 24,178	\$ 24,178
-	(47,500)
-	5,500
<u>24,178</u>	<u>(17,822)</u>
\$ 54,094	\$ 517,394
935,564	3,271,792
<u>989,658</u>	<u>3,789,186</u>

ST. JOSEPH CHARTER TOWNSHIP
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2007

Net change in fund balances - total governmental funds	\$	517,394
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Amounts reported for governmental activities in the statement of activities are different because:

Government funds report capital outlay as expenditures, but they are recorded as capital assets in the government-wide statements and depreciated over their useful lives. This is the amount by which depreciation exceeded capital outlays in the current period.		51,449
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Long-term liabilities are not due and payable in the current period nor are they reflected as reductions to debt in the funds.		20,223
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reportable as expenditures in governmental funds.		7,883
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The net effect of trade-ins and sales involving capital assets is to decrease net assets.		(16,127)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		116,860
--	--	---------

Changes in net assets of governmental activities	\$	<u>697,682</u>
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**ST. JOSEPH CHARTER TOWNSHIP
PROPRIETARY FUNDS
Statement of Net Assets
For the Year Ended December 31, 2007**

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total Proprietary Funds</u>
Assets			
Current Assets:			
Cash	\$ 872,520	\$ 2,226,152	\$ 3,098,672
Receivables	94,624	33,996	128,620
Due from other funds	23,909	5,677	29,586
Due from other governments	80,429	9,217	89,646
Prepaid expenses	<u>13,967</u>	<u>-</u>	<u>13,967</u>
Total Current Assets	<u>\$ 1,085,449</u>	<u>\$ 2,275,042</u>	<u>\$ 3,360,491</u>
Noncurrent Assets:			
Buildings	\$ 34,825	\$ -	\$ 34,825
Vehicles	124,767	-	124,767
Furniture and equipment	201,708	-	201,708
Utility systems	7,259,560	4,447,039	11,706,599
Accumulated depreciation	<u>(6,319,591)</u>	<u>(3,754,844)</u>	<u>(10,074,435)</u>
Total Noncurrent Assets	<u>\$ 1,301,269</u>	<u>\$ 692,195</u>	<u>\$ 1,993,464</u>
Total Assets	<u>\$ 2,386,718</u>	<u>\$ 2,967,237</u>	<u>\$ 5,353,955</u>
Liabilities and Fund Balances			
Current Liabilities:			
Accounts payable	\$ 54,136	\$ 6,234	\$ 60,370
Due to other funds	392	-	392
Payroll liabilities	3,863	-	3,863
Compensated absences	<u>5,444</u>	<u>-</u>	<u>5,444</u>
Total Current Liabilities	<u>\$ 63,835</u>	<u>\$ 6,234</u>	<u>\$ 70,069</u>
Total Liabilities	<u>\$ 63,835</u>	<u>\$ 6,234</u>	<u>\$ 70,069</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 1,301,269	\$ 692,195	\$ 1,993,464
Unrestricted	<u>1,021,614</u>	<u>2,268,808</u>	<u>3,290,422</u>
TOTAL NET ASSETS	<u>\$ 2,322,883</u>	<u>\$ 2,961,003</u>	<u>\$ 5,283,886</u>

**ST. JOSEPH CHARTER TOWNSHIP
PROPRIETARY FUNDS
Statement of Revenues, Expenses, and
Changes in Net Assets
For the Year Ended December 31, 2007**

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total Enterprise Funds</u>
Operating Revenues:			
Charges for services	\$ 973,869	\$ 413,910	\$ 1,387,779
Assessments	6,620	-	6,620
Reimbursements	174,126	-	174,126
	<u> </u>	<u> </u>	<u> </u>
Total Operating Revenues	\$ 1,154,615	\$ 413,910	\$ 1,568,525
Operating Expenses:			
Water	\$ -	\$ 98,093	\$ 98,093
Sewer	937,363	-	937,363
Depreciation	201,414	111,063	312,477
	<u> </u>	<u> </u>	<u> </u>
Total Operating Expenses	\$ 1,138,777	\$ 209,156	\$ 1,347,933
Operating Income (Loss)	\$ 15,838	\$ 204,754	\$ 220,592
Nonoperating Revenue (Expenses):			
Interest income	33,400	110,181	143,581
	<u> </u>	<u> </u>	<u> </u>
Change in Net Assets Before Transfers	\$ 49,238	\$ 314,935	\$ 364,173
Operating transfers in	23,322	-	23,322
	<u> </u>	<u> </u>	<u> </u>
Change in Net Assets	\$ 72,560	\$ 314,935	\$ 387,495
Total Net Assets - Beginning of Year	2,250,323	2,646,068	4,896,391
	<u> </u>	<u> </u>	<u> </u>
TOTAL NET ASSETS - END OF YEAR	\$ 2,322,883	\$ 2,961,003	\$ 5,283,886
	<u> </u>	<u> </u>	<u> </u>

**ST. JOSEPH CHARTER TOWNSHIP
PROPRIETARY FUNDS
Combining Statement of Cash Flows
For the Year Ended December 31, 2007**

	Business - Type Activities Enterprise Funds		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash receipts from customers	\$ 1,351,223	\$ 420,405	\$ 1,771,628
Payments to employees	(138,193)	-	(138,193)
Payments of benefits on behalf of employees	(58,611)	-	(58,611)
Payments to suppliers	(873,773)	(10,773)	(884,546)
Payments to LMSW & STA	(71,097)	(83,495)	(154,592)
	<u> </u>	<u> </u>	<u> </u>
Net cash provided (used) by operating activities	\$ 209,549	\$ 326,137	\$ 535,686
	<u> </u>	<u> </u>	<u> </u>
Cash Flows From Capital and Related Financing Activities:			
Interest received on special assessments	\$ 33,401	\$ 110,181	\$ 143,582
Transfers in	23,322	-	23,322
	<u> </u>	<u> </u>	<u> </u>
Net cash provided (used) by capital and related financing activities	\$ 56,723	\$ 110,181	\$ 166,904
	<u> </u>	<u> </u>	<u> </u>
Net increase (decrease) in cash and cash equivalents	\$ 266,272	\$ 436,318	\$ 702,590
Balances - Beginning of Year	<u>606,248</u>	<u>1,789,834</u>	<u>2,396,082</u>
BALANCES - END OF YEAR	<u>\$ 872,520</u>	<u>\$ 2,226,152</u>	<u>\$ 3,098,672</u>

**ST. JOSEPH CHARTER TOWNSHIP
PROPRIETARY FUNDS
Combining Statement of Cash Flows
For the Year Ended December 31, 2007**

	Business - Type Activities Enterprise Funds		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	<u>\$ 15,838</u>	<u>\$ 204,754</u>	<u>\$ 220,592</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expenses	\$ 201,414	\$ 111,063	\$ 312,477
(Increase) decrease in:			
Receivables	9,419	4,546	13,965
Due from other funds	8,152	1,285	9,437
Due from other governments	(6,203)	664	(5,539)
Prepaid expenses	(517)	-	(517)
Increase (decrease) in:			
Accounts payable	(21,335)	3,825	(17,510)
Due to other funds	392	-	392
Payroll liabilities	1,670	-	1,670
Compensated absences	<u>719</u>	<u>-</u>	<u>719</u>
Total adjustments	<u>\$ 193,711</u>	<u>\$ 121,383</u>	<u>\$ 315,094</u>
Net cash provided (used) by operating activities	<u>\$ 209,549</u>	<u>\$ 326,137</u>	<u>\$ 535,686</u>

**ST. JOSEPH CHARTER TOWNSHIP
FIDUCIARY FUNDS
Statement of Net Assets
December 31, 2007**

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 935,122
Total Assets	<u>\$ 935,122</u>
Liabilities	
Accounts payable	\$ 7,098
Undistributed taxes, interest, licenses and revenues	329,298
Due to other governments	19,796
Due to other funds	<u>578,930</u>
Total Liabilities	<u>\$ 935,122</u>

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting methods and procedures adopted by St. Joseph Charter Township, Michigan, conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant government accounting policies are described below:

A. Reporting Entity

In evaluating how to define the Township's reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP). The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Township is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the Township's reporting entity.

St. Joseph Charter Township Sanitation Authority, Lake Michigan Shoreline Water & Sewage Treatment Authority and Southwest Michigan Regional Sanitary Sewer and Water Authority. These potential component units are disclosed as joint ventures because the Township; (1) selects governing authority, (2) approves the budget, (3) is responsible for fund deficits, and (4) provides subsidies. See Note 5 for further information on the joint ventures.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statements of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government of the Township. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the proprietary funds and fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

St. Joseph Charter Township reports the following major governmental funds:

The **General Fund** is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Public Safety Fund** is used to account for the police department, as well as the two fire stations.

The **Garbage and Rubbish Collection Fund** is used to account for the collection of garbage and rubbish within the Township.

St. Joseph Charter Township reports the following major proprietary funds:

The **Water Operating Fund** accounts for the activities related to the Township's share of the Lake Michigan Shoreline Water and Sewage Treatment Authority's water production, purification, distribution, and billing.

The **Sewer Operating Fund** accounts for the activities related to the Township's share of the Lake Michigan Shoreline Water and Sewage Treatment Authority's sanitary collections system and wastewater treatment.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements - Continued

Additionally, St. Joseph Charter Township reports the following fund type:

The **Agency Funds** are used to account for assets as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the Water Fund, Sewer Fund, and other functions and segments. Elimination of these charges would distort the direct costs and program revenues for the functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expense for enterprise funds and internal service funds includes the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first. Unrestricted resources are used as they are needed.

D. Budgetary Data

At an October meeting the Manger/Superintendent submits to the Township Board a proposed operating budget for the calendar year. The operating budget includes proposed expenditures and the means of financing them for all governmental and proprietary fund types. Public hearings are then conducted at the Township Hall to obtain taxpayer comments. Prior to December 15, the budget is legally enacted on a summary budget basis through a general appropriations act.

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by St. Joseph Charter Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Capital Assets - Continued

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statements of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

<u>Asset Class</u>	<u>Depreciable Life</u>
Land	N/A
Buildings	25-50 years
Equipment	5-15 years
Vehicles	3-12 years
Utility Systems	10-40 years
Land Improvements	15-25 years
Library Books	10 years

F. Long-Term Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statements of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using straight-line amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt received, are reported as debt service.

G. Property Taxes

Township property taxes are levied on December 1 and are payable without penalty through February 14. The Township bills and collects its own property taxes as well as taxes for the County and several school districts within its jurisdiction. Collections and remittances of all taxes are accounted for in the Current Tax Agency Fund. Township property tax revenues are recognized in the fund financial statements as revenues in the calendar year following the levy date.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H. Sanitation and Water Billings

The Township has contracts with the City of Benton Harbor and the City of St. Joseph for Sanitation Supply System and Water Supply System billings. The Cities collect the billings and remit their portion to the Township according to the contracts.

The Township has an agreement with the City of Benton Harbor to deposit all of their collections in the escrow account. The authority to dispense these collections to the City and Township rests solely with St. Joseph Charter Township. Currently, the Township is making distributions from the escrow account based on actual collection reports provided by the City of Benton Harbor.

I. Cash and Investments

Investments are stated at cost or amortized cost, which approximates market.

All highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are defined as cash equivalents.

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

NOTE 2 - CASH AND INVESTMENTS

Cash and Short-Term Investments - The Township is authorized to invest in certificates of deposit, savings accounts, and deposit accounts. The Township is also authorized to invest in bonds, securities, and other obligations of the United States, or an agency whose principal and interest is fully guaranteed by the United States. The Township is authorized to invest in commercial paper within the two highest classifications and maturities not more than 270 days after the date of purchase. Act 217, PA 1982 states that the Township's deposits, which include cash and certificates of deposit, are carried at cost and must be invested in accounts of Federally insured banks, insured credit unions, savings and loan associations and bonds and other direct obligations of the associations and bonds and other direct obligations of the United States. Michigan law prohibits security in the form of collateral, surety bond, or other forms for the deposit of public money. An Attorney General's opinion states that public funds may not be deposited in financial institutions that do not have a branch location in Michigan. The Township's deposits are in accordance with statutory authority at December 31, 2007.

Long-Term Investments - The Township's policy does not address investments other than short-term highly liquid assets.

Interest Rate Risk - It is the objective of the Township to maintain safety of principal of its funds, maintain a diversified portfolio, and maintain adequate liquidity and achieve a market rate of return on relatively safe investment instruments. The investment portfolio shall be designed to attain a market average rate of return. The Township is not exposed to interest rate risk.

Credit Risk - State statute allows for the deposit of funds into financial institutions provided those institutions are a state or nationally chartered bank or a state or federally chartered savings and loan association, savings, bank or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in the State of Michigan under the laws of Michigan or the United States.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

NOTE 2 - CASH AND INVESTMENTS - Continued

Concentration of Credit Risk - The investments will be diversified avoiding overconcentration from a specific issuer. Investments shall have varying maturities to meet all operating requirements that may be reasonably anticipated. Selection shall avoid high credit risks and shall include use of readily available funds, such as local government investment pools or mutual funds to maintain sufficient liquidity. The Township is not exposed to concentration of credit risk.

Custodial Credit Risk - The Township is authorized to invest in prequalifying financial institutions, brokers, dealers, intermediaries, and advisors with whom the Township will do business. The portfolio will be diversified so that the impact on the investment portfolio resulting from losses on individual securities will be minimized. As of December 31, 2007, the Township's funds were deposited in five institutions meeting these requirements. As of December 31, 2007, \$5,218,480 of the government's bank balance of \$7,747,822 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized \$ 5,218,480

NOTE 3 - JOINT VENTURES

St. Joseph Charter Township Sanitation Authority

On March 18, 1968, the Township of St. Joseph and Village of Shoreham entered into a joint venture to form a joint sanitation authority. The purpose of the Authority is to provide a rubbish collection and disposal service to the municipalities' residents.

The governing board consists of three members. St. Joseph Charter Township selects two members and the Village of Shoreham selects one member.

St. Joseph Charter Township levies taxes to finance the rubbish collection and disposal services. The Authority contracts with an outside sanitary refuse business to provide the service and receives payment from the Township for the amount of the contracted services. Beginning in March of 1995, invoices were turned over to the Township for payment.

Lake Michigan Shoreline Water & Sewage Treatment Authority

On July 18, 1964, the Townships of St. Joseph and Lincoln, and Villages of Shoreham and Stevensville formed a joint venture to acquire, improve, extend and operate a water supply and sewage disposal system. In January 2000, Royalton Township also joined the Authority.

The governing body consists of eight members. Each township selects two members and each village selects one member. From these eight members a Chairman, Vice-Chairman, Secretary and Treasurer are selected.

An annual budget is submitted to and approved by the Authority. Once this has been completed, the budget is reviewed by each respective municipality for approval.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

NOTE 3 - JOINT VENTURES - Continued

Lake Michigan Shoreline Water & Sewage Treatment Authority - Continued

The Lake Michigan Shoreline Water & Sewage Treatment Authority ended as of June 30, 2007. The member contribution percentages for the year ended December 31, 2007, are as follows: St. Joseph Charter Township - 35%, Lincoln Township - 55%, and Royalton Township - 10%.

The following is audited financial information from the Lake Michigan Shoreline Water & Sewage Treatment Authority for the year ended June 30, 2007. A copy of the audited financial report is available for review at the Township office.

Assets	\$ 7,613,613
Liabilities	6,481,447
Fund Equity	1,132,166
Revenues	513,237
Expenditures	205,814
Change in Fund Equity	307,423

Southwest Michigan Regional Sanitary Sewer & Water Authority

Beginning July 1, 2007, the Township began contributing to the Southwest Michigan Regional Sanitary Sewer & Water Authority.

The governing body consists of nine members. Each township selects three members. From these nine members a Chairman, Vice-Chairman, Secretary and Treasurer are selected.

An annual budget is submitted to an approved by the Authority. Once this has been completed, the budget is reviewed by each respective municipality for approval.

The member contribution percentages for the year ended December 31, 2007, are as follows: St. Joseph Charter Township - 34%, Lincoln Township - 53%, and Royalton Township - 12%.

As of December 31, 2007 the township had contributed \$75,956 to the Authority's operations.

A copy of the audited financial report will be made available for review at the Township office after the June 30, 2007 audit report is issued.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

NOTE 4 - CAPITAL ASSETS

Capital assets activities for the year ended December 31, 2007 were as follows:

	<u>Balance January 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2007</u>
Governmental Activities				
Nondepreciable assets				
Construction in progress	\$ -	\$ 38,285	\$ -	\$ 38,285
Land	366,644	-	-	366,644
	<u>366,644</u>	<u>-</u>	<u>-</u>	<u>366,644</u>
Total Nondepreciable Assets	\$ 366,644	\$ 38,285	\$ -	\$ 404,929
Buildings	\$ 1,250,406	\$ 11,720	\$ -	\$ 1,262,126
Building improvements	56,598	17,185	-	73,783
Land improvements	555,935	-	-	555,935
Books	687,659	35,706	-	723,365
Vehicles	865,389	77,357	(69,202)	873,544
Furniture and equipment	231,021	14,358	-	245,379
	<u>231,021</u>	<u>14,358</u>	<u>-</u>	<u>245,379</u>
Subtotal	\$ 3,647,008	\$ 156,326	\$ (69,202)	\$ 3,734,132
Less: Accumulated Depreciation	<u>2,151,127</u>	<u>143,162</u>	<u>53,075</u>	<u>2,241,214</u>
Total Capital Assets Other Than Land	\$ 1,495,881	\$ 13,164	\$ (16,127)	\$ 1,492,918
Business Activities				
Buildings	\$ 34,825	\$ -	\$ -	\$ 34,825
Furniture and equipment	201,708	-	-	201,708
Vehicles	124,767	-	-	124,767
Utility systems	11,706,599	-	-	11,706,599
	<u>11,706,599</u>	<u>-</u>	<u>-</u>	<u>11,706,599</u>
Subtotal	\$ 12,067,899	\$ -	\$ -	\$ 12,067,899
Less: Accumulated Depreciation	<u>9,761,958</u>	<u>312,477</u>	<u>-</u>	<u>10,074,435</u>
Total Capital Assets	\$ 2,305,941	\$ (312,477)	\$ -	\$ 1,993,464

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

NOTE 4 - CAPITAL ASSETS - Continued

Depreciation expense was charged in the following functions in the statement of activities:

Governmental functions:

General government	\$ 58,354
Public safety	49,183
Public works	3,031
Recreation and cultural	<u>32,594</u>
Total	<u>\$ 143,162</u>

Business-type functions:

Water	\$ 111,063
Sewer	<u>201,414</u>
Total	<u>\$ 312,477</u>

NOTE 5 - CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the primary government for the year ended December 31, 2007:

	Installment Purchase <u>Agreement</u>	Compensated <u>Absences</u>
As of January 1, 2007	\$ 38,352	\$ 55,888
Additions	-	-
(Reductions)	<u>20,224</u>	<u>-</u>
As of December 31, 2007	<u>\$ 18,128</u>	<u>\$ 55,888</u>

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

NOTE 5 - CHANGES IN LONG-TERM DEBT - Continued

Long-term debt at December 31, 2007 is comprised of the following individual issues:

	<u>Balance January 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2007</u>	<u>Due Within One Year</u>
Governmental Activities -					
Primary Activities					
\$112,717 2002 installment purchase agreement to Fifth Third Bank due in monthly installments of \$1,768 through November 27, 2008; interest at 3.40% - St. Joseph Charter Township Improvement Fund					
	\$ 38,352	\$ -	\$ (20,224)	\$ 18,128	\$ 18,128
Compensated Absences - General Fund, Public Safety, Building Department					
	<u>58,327</u>	<u>-</u>	<u>(7,883)</u>	<u>50,444</u>	<u>24,708</u>
Total Primary Government	<u>\$ 96,679</u>	<u>\$ -</u>	<u>\$ (28,107)</u>	<u>\$ 68,572</u>	<u>\$ 42,836</u>
Business Activities					
Compensated Absences - Water Fund, Sewer Fund					
	<u>\$ 4,725</u>	<u>\$ 719</u>	<u>\$ -</u>	<u>\$ 5,444</u>	<u>\$ -</u>
Total Business Activities	<u>\$ 4,725</u>	<u>\$ 719</u>	<u>\$ -</u>	<u>\$ 5,444</u>	<u>\$ -</u>

Annual debt service requirements to maturity for the above obligations, excluding compensated absences, are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 18,128	\$ 295
Total	<u>\$ 18,128</u>	<u>\$ 295</u>

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

NOTE 6 - PENSION PLAN

The Township contributes to the St. Joseph Charter Township defined contribution pension plan, which is administered by John Hancock Insurance Company. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined. The benefits a participant will receive depend solely on the amount contributed to the participant's accounts, the return on those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. All full-time employees of the Township are eligible to participate in the defined contribution plan. Contributions made by the employee and the Township vest immediately. An employee who leaves the employment of the Township is entitled to his or her contributions and the Township's contributions if vesting requirements are satisfied. The Township is required to contribute an amount equal to 14% of the employee's base pay. Employees of the Township are not required to contribute to the defined contribution pension plan.

During the year, the Township's required contribution amounted to \$157,404 which was 14% of its current year covered payroll of \$1,124,318. The contributions actually made during the year amounted to \$157,734.

No pension provision changes occurred during the year that affected the required contributions by the Township or its employees.

The plan held no securities of the Township or other related parties during the year or as of December 31, 2007.

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2007, is as follows:

Due to/from other funds:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 95,075	\$ -
Public Safety	335,601	29,669
Garbage and Rubbish Collection	114,410	-
Trust & Agency	-	59
Sewer Fund	23,909	392
Water Fund	5,677	-
Library Fund	34,320	-
Current Tax Fund	-	558,405
Benton Harbor Escrow	-	20,467
	<u>\$ 608,992</u>	<u>\$ 608,992</u>

The outstanding balances between funds result mainly from winter tax collections undistributed by the tax fund at year end. These balances also include water and sewer receipts collected by the City of Benton Harbor and held in escrow by the Township. The Public Safety Fund owes the General Fund for payroll expenditures.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS - Continued

During the year, the following transfers were made between funds:

From General Fund

To Economic Development Fund - To cover Hollywood Rd. Corridor study expenses	\$ 7,500
To Eaton Park Fund - To create the fund	40,000

From Sewer Replacement Fund

To Sewer Fund - To transfer Township contribution for sewer camera	<u>23,322</u>
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Total Transfers Between Funds	<u>\$ 70,822</u>
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NOTE 8 - DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with the provisions of the Internal Revenue Code Section 457. As a result of federal legislation with regard to Internal Revenue Code Section 457, the Township no longer has the rights to the assets of the deferred compensation plan. The assets of the plan have been transferred into individual trust accounts of the employees and are not subject to the claims of the general creditors of the Township. Therefore, the Township is not required to account for the deferred compensation plan.

NOTE 9 - DEPOSIT - BERRIEN COUNTY ROAD COMMISSION

On an annual basis, St. Joseph Charter Township places on deposit with the Berrien County Road Commission money for local road construction work. The County matches certain funds 100%.

NOTE 10 - RISK MANAGEMENT

The Township carries insurance for risks of loss, including torts; theft of, damage to, and destruction of assets; error and omissions; workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded insurance coverage in the past fiscal year.

NOTE 11 - EXPENDITURES OVER BUDGET

P.A. 621 of 1978 Section 18, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved General Fund budget of the Township was adopted at the department level. During the year ended December 31, 2007, the Township was under budget in all major funds.

NOTE 12 - CONTINGENCIES

On April 24, 2007, the Lake Michigan Water & Sewage Treatment Authority sold \$6,270,000 in bonds. The Township has guaranteed 30.25% of the principal and interest payments over the 25 year life of the bonds. Lincoln Township and Royalton Township have guaranteed the remaining 58.12% and 11.63% respectively.

**ST. JOSEPH CHARTER TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
Description of Funds**

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Police Training Fund - This fund is used to account for revenues collected and monies expended for the purpose of police officer training as provided by the Federal Government.

Police Drug Forfeiture Fund - This fund is used to account for revenues collected and monies expended under specific forfeiture laws.

Building Department Fund - This fund is used to account for revenues collected and monies expended for the purpose of funding planning, zoning and inspection functions.

Library Fund – This fund is used to account for property taxes received to be used for library services for Township residents.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Fire Improvement Fund - This fund is used to account for the capital improvements to the fire departments.

St. Joseph Charter Township Improvement Fund - This fund is used to account for the acquisition of tax sale properties and the subsequent improvement or sale of these properties.

Sewer Replacement and Improvement Fund - This fund is used to account for the capital improvements and future replacement of sewer lines.

Water Replacement and Improvement Fund - This fund is used to account for the capital improvements and future replacement of the water lines.

Eaton Park Grant - This fund is used to account for the state grant for replacement of playground equipment at Eaton Park.

Economic Development Fund - This fund was created for the purpose of establishing an Economic Development Action Plan for acquiring, holding, improving, and/or selling of properties.

**ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes	\$ 401,285	\$ 401,285	\$ 408,895	\$ 7,610
Licenses and permits	81,350	81,350	88,754	7,404
State revenues	617,000	617,000	645,745	28,745
Charges for services	3,700	3,700	4,975	1,275
Fines and forfeitures	-	-	657	657
Interest and rents	45,400	45,400	86,675	41,275
Other revenues	23,500	23,500	45,396	21,896
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	\$ 1,172,235	\$ 1,172,235	\$ 1,281,097	\$ 108,862
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Expenditures:				
Current:				
Legislative	\$ 23,025	\$ 23,025	\$ 21,843	\$ 1,182
General government	953,000	910,950	807,948	103,002
Public safety	68,895	71,395	70,827	568
Recreation and cultural	199,720	199,270	150,215	49,055
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	\$ 1,244,640	\$ 1,204,640	\$ 1,050,833	\$ 153,807
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (72,405)	\$ (32,405)	\$ 230,264	\$ 262,669
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other Financing Sources (Uses):				
Operating transfers out	\$ -	\$ (40,000)	\$ (47,500)	\$ (7,500)
Proceeds from sale of fixed assets	-	-	1,000	1,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources (Uses)	\$ -	\$ (40,000)	\$ (46,500)	\$ (6,500)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Change in Fund Balances	\$ (72,405)	\$ (72,405)	\$ 183,764	\$ 256,169
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances - Beginning of Year	1,291,665	1,291,665	1,291,665	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES - END OF YEAR	\$ 1,219,260	\$ 1,219,260	\$ 1,475,429	\$ 256,169
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

**ST. JOSEPH CHARTER TOWNSHIP
PUBLIC SAFETY FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes	\$ 1,631,000	\$ 1,631,000	\$ 1,632,604	\$ 1,604
Licenses and permits	2,000	2,000	6,047	4,047
Contributions from local units	10,300	10,300	11,511	1,211
Charges for services	1,800	1,800	3,345	1,545
Fines and forfeitures	6,000	6,000	7,553	1,553
Interest	30,000	30,000	82,783	52,783
Other	1,500	1,500	9,720	8,220
Total Revenues	\$ 1,682,600	\$ 1,682,600	\$ 1,753,563	\$ 70,963
Expenditures:				
Current:				
Police	\$ 1,410,480	\$ 1,410,480	\$ 1,333,092	\$ 77,388
Fire Station #1	127,355	127,355	97,910	29,445
Fire Station #2	119,280	119,280	69,165	50,115
Ambulance	60,255	60,255	57,743	2,512
Total Expenditures	\$ 1,717,370	\$ 1,717,370	\$ 1,557,910	\$ 159,460
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (34,770)	\$ (34,770)	\$ 195,653	\$ 230,423
Other Financing Sources (Uses):				
Proceeds from sale of fixed assets	15,000	15,000	4,500	(10,500)
Net Change in Fund Balances	\$ (19,770)	\$ (19,770)	\$ 200,153	\$ 219,923
Fund Balances - Beginning of Year	713,471	713,471	713,471	-
FUND BALANCES - END OF YEAR	\$ 693,701	\$ 693,701	\$ 913,624	\$ 219,923

**ST. JOSEPH CHARTER TOWNSHIP
GARBAGE AND RUBBISH COLLECTION FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes	\$ 556,500	\$ 556,500	\$ 556,572	\$ 72
Interest	18,000	18,000	30,296	12,296
Charges for services	100	100	350	250
Other	<u>750</u>	<u>750</u>	<u>6,265</u>	<u>5,515</u>
Total Revenues	<u>\$ 575,350</u>	<u>\$ 575,350</u>	<u>\$ 593,483</u>	<u>\$ 18,133</u>
Expenditures:				
Current:				
Public works	<u>\$ 524,000</u>	<u>\$ 524,000</u>	<u>\$ 514,100</u>	<u>\$ 9,900</u>
Total Expenditures	<u>\$ 524,000</u>	<u>\$ 524,000</u>	<u>\$ 514,100</u>	<u>\$ 9,900</u>
Net Change in Balances	<u>\$ 51,350</u>	<u>\$ 51,350</u>	<u>\$ 79,383</u>	<u>\$ 28,033</u>
Fund Balances - Beginning of Year	<u>331,092</u>	<u>331,092</u>	<u>331,092</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 382,442</u>	<u>\$ 382,442</u>	<u>\$ 410,475</u>	<u>\$ 28,033</u>

**ST. JOSEPH CHARTER TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
December 31, 2007**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ 134,717	\$ 876,044	\$ 1,010,761
Receivables	126,131	-	126,131
Due from other funds	34,320	-	34,320
Prepaid expense	<u>741</u>	<u>-</u>	<u>741</u>
Total Current Assets	<u>\$ 295,909</u>	<u>\$ 876,044</u>	<u>\$ 1,171,953</u>
TOTAL ASSETS	<u>\$ 295,909</u>	<u>\$ 876,044</u>	<u>\$ 1,171,953</u>
Liabilities and Fund Balances			
Current Liabilities:			
Accounts payable	\$ 5,210	\$ -	\$ 5,210
Payroll liabilities	2,051	-	2,051
Deferred revenue	<u>175,034</u>	<u>-</u>	<u>175,034</u>
Total Current Liabilities	<u>\$ 182,295</u>	<u>\$ -</u>	<u>\$ 182,295</u>
Total Liabilities	<u>\$ 182,295</u>	<u>\$ -</u>	<u>\$ 182,295</u>
Fund Balances:			
Unreserved, reported in			
Special Revenue	\$ 113,614	\$ -	\$ 113,614
Capital Projects	<u>-</u>	<u>876,044</u>	<u>876,044</u>
Total Fund Balances	<u>\$ 113,614</u>	<u>\$ 876,044</u>	<u>\$ 989,658</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 295,909</u>	<u>\$ 876,044</u>	<u>\$ 1,171,953</u>

**ST. JOSEPH CHARTER TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2007**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Property taxes	\$ 166,954	\$ -	\$ 166,954
Licenses and permits	143,505	-	143,505
State grant	2,756	-	2,756
Contributions from local units	-	22,500	22,500
Charges for services	2,637	20,500	23,137
Interest and rents	9,148	65,283	74,431
Other revenue	<u>25</u>	<u>-</u>	<u>25</u>
Total Revenues	<u>\$ 325,025</u>	<u>\$ 108,283</u>	<u>\$ 433,308</u>
Expenditures:			
Current:			
General government	\$ 166,998	\$ 2,226	\$ 169,224
Public safety	164,138	15,446	179,584
Public works	-	17,117	17,117
Economic development	-	16,067	16,067
Recreation and cultural	-	185	185
Debt service:			
Principal retirement	-	20,223	20,223
Interest	<u>-</u>	<u>992</u>	<u>992</u>
Total Expenditures	<u>\$ 331,136</u>	<u>\$ 72,256</u>	<u>\$ 403,392</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (6,111)</u>	<u>\$ 36,027</u>	<u>\$ 29,916</u>
Other Financing Sources (Uses):			
Operating transfers in	<u>\$ -</u>	<u>\$ 24,178</u>	<u>\$ 24,178</u>
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 24,178</u>	<u>\$ 24,178</u>
Net Change in Fund Balances	\$ (6,111)	\$ 60,205	\$ 54,094
Fund Balances - Beginning of Year	<u>119,725</u>	<u>815,839</u>	<u>935,564</u>
FUND BALANCES - END OF YEAR	<u>\$ 113,614</u>	<u>\$ 876,044</u>	<u>\$ 989,658</u>

**ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Revenues, Compared to Budget
For the Year Ended December 31, 2007**

	<u>Budget</u>	<u>Actual</u>	Variance - Positive (Negative)
Revenues:			
Taxes	\$ 401,285	\$ 408,895	\$ 7,610
Licenses and permits	81,350	88,754	7,404
State grants	617,000	645,745	28,745
Charges for services	3,700	4,975	1,275
Fines and forfeitures	-	657	657
Interest and rents	45,400	86,675	41,275
Other revenue	<u>23,500</u>	<u>45,396</u>	<u>21,896</u>
 TOTAL REVENUES	 <u>\$ 1,172,235</u>	 <u>\$ 1,281,097</u>	 <u>\$ 108,862</u>

ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended December 31, 2007
With Comparative Totals for the Year Ended December 31, 2006

	<u>2007</u>			
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	<u>2006 Actual</u>
Legislative				
Township Board				
Salaries - Elected officials		\$ 18,350		\$ 18,360
Payroll taxes		1,404		1,405
Education and travel		2,082		1,833
Office supplies		7		1,650
Miscellaneous		-		65
Total Legislative	\$ 23,025	\$ 21,843	\$ 1,182	\$ 23,313
General Government				
Supervisor				
Salaries - Elected officials		\$ 15,610		\$ 15,300
Payroll taxes		1,194		1,170
Education and travel		1,785		1,325
Office supplies		-		60
Communication		440		149
Miscellaneous		316		-
Total Supervisor	\$ 19,555	\$ 19,345	\$ 210	\$ 18,004
Clerk				
Salaries and wages:				
Elected officials		\$ 15,090		\$ 14,790
Full-time employees		11,079		39,641
Part-time employees		3,226		1,619
Longevity		-		985
Payroll taxes		2,249		4,362
Hospitalization and life insurance		1,370		13,271
Retirement contribution		10,513		5,518
Office supplies		1,000		689
Education and travel		236		2,861
Communication		-		90
Contractual services		480		640
Printing and publishing		4,570		3,737
Miscellaneous		904		291
Total Clerk	55,445	\$ 50,717	4,728	\$ 88,494

**ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended December 31, 2007
With Comparative Totals for the Year Ended December 31, 2006**

	<u>2007</u>		<u>Variance -</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u>	<u>2006</u>
			<u>(Negative)</u>	<u>Actual</u>
General Government, continued				
Treasurer				
Salaries and wages:				
Elected officials		\$ 15,090		\$ 14,790
Full-time employees		40,416		40,053
Overtime		160		271
Longevity pay		4,019		3,941
Payroll taxes		4,566		4,518
Office equipment		49		800
Hospitalization and life insurance		12,999		14,582
Retirement contribution		5,627		5,518
Computer services		17,029		16,544
Office supplies		781		1,004
Postage		6,670		5,552
Education and travel		305		80
Miscellaneous		-		85
		<u> </u>		<u> </u>
Total Treasurer	116,665	\$ <u>107,711</u>	8,954	\$ <u>107,738</u>
Administrative and Office				
Salaries and wages:				
Full-time employees		\$ 74,051		\$ 112,015
Longevity pay		1,060		2,809
Payroll taxes		5,250		8,101
Hospitalization and life insurance		14,801		20,772
Office supplies		7,138		7,866
Retirement contribution		15,841		15,382
Contract services		9,712		11,367
Education and travel		2,250		2,465
Newsletter		4,390		6,678
Printing and publishing		1,288		418
Postage		2,113		2,364
Equipment		3,525		355
Miscellaneous		99		32
		<u> </u>		<u> </u>
Total Administrative and Office	198,430	\$ <u>141,518</u>	56,912	\$ <u>190,624</u>

**ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended December 31, 2007
With Comparative Totals for the Year Ended December 31, 2006**

	<u>2007</u>		<u>Variance -</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u>	<u>2006</u>
			<u>(Negative)</u>	<u>Actual</u>
General Government, continued				
Assessor and Board of Review				
Salaries and wages:				
Appointed officials		\$ 840		\$ 780
Full-time employees		55,403		54,170
Longevity pay		1,385		1,353
Retirement contribution		7,756		7,575
Payroll taxes		4,015		3,919
Hospitalization and life insurance		15,879		14,680
Office supplies		896		861
Printing and publishing		452		478
Postage		2,442		2,257
Education and travel		801		1,966
Communication		120		-
Legal fees		1,693		186
Gasoline and oil		30		249
Contract services		1,822		2,012
Equipment		-		1,115
		<u> </u>		<u> </u>
Total Assessor and Board of Review	97,915	\$ 93,534	4,381	\$ 91,601
 Election				
Salaries and wages:				
Election workers		\$ 7,118		\$ 10,223
Administration		-		2,868
Payroll taxes		42		219
Unemployment compensation		-		82
Office supplies		2,818		6,385
Postage		2,658		3,363
Professional services		-		2,331
Education and travel		950		1,363
Printing and publishing		243		302
Repairs and maintenance		-		918
Miscellaneous		750		-
		<u> </u>		<u> </u>
Total Election	17,425	\$ 14,579	2,846	\$ 28,054

**ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended December 31, 2007
With Comparative Totals for the Year Ended December 31, 2006**

	<u>2007</u>		<u>Variance -</u>	<u>2006</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u>	<u>Actual</u>
General Government, continued				
Township Hall and Grounds				
Salaries and wages:				
Full-time employees		\$ 41,688		\$ 41,026
Overtime		149		-
Longevity pay		3,056		2,996
Retirement contribution		5,706		5,593
Payroll taxes		3,173		3,125
Workers' compensation		7,371		3,525
Life and health insurance		14,357		13,275
Operating supplies		7,924		6,394
Gasoline and oil		955		1,134
Professional services		25,736		27,266
Communication		12,648		8,922
Insurance and bonds		28,212		26,488
Education and travel		190		195
Electricity		15,015		14,392
Heat		6,697		6,725
Water and sewer		612		514
Repairs and maintenance:				
Building		9,632		3,669
Equipment		165		1,526
Grounds		191		9,072
Vehicle		5,744		3,722
Building improvements		21,605		5,535
Equipment		35,691		13,323
Equipment lease/rental		2,779		3,328
Land improvements		-		6,045
Capital outlay		4,500		-
Miscellaneous		-		1,672
		<u> </u>		<u> </u>
Total Township Hall and Grounds	245,915	\$ 253,796	(7,881)	\$ 209,462

**ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended December 31, 2007
With Comparative Totals for the Year Ended December 31, 2006**

	<u>2007</u>		<u>Variance -</u>	<u>2006</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u>	<u>Actual</u>
General Government, continued				
General Services				
Audit fees		\$ 24,980		\$ 21,500
Professional services		13,140		8,990
Engineering fees		6,952		214
Legal fees		19,578		12,228
Library contract		-		166,998
Roads		5,682		5,465
Drains		12,783		3,268
Education and travel		5,598		5,377
Street lights		33,918		34,439
County revolving fund remittance		225		249
Miscellaneous		<u>-</u>		<u>227</u>
Total General Services	150,500	\$ <u>122,856</u>	27,644	\$ <u>258,955</u>
Planning				
Salary appointed		\$ 1,375		\$ 1,220
Payroll taxes		105		93
Legal fees		966		3,639
Postage		29		-
Professional services		120		280
Education and travel		515		625
Printing and publishing		<u>782</u>		<u>834</u>
Total Planning	<u>9,100</u>	\$ <u>3,892</u>	<u>5,208</u>	\$ <u>6,691</u>
Total General Government	\$ <u>910,950</u>	\$ <u>807,948</u>	\$ <u>103,002</u>	\$ <u>999,623</u>

**ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended December 31, 2007
With Comparative Totals for the Year Ended December 31, 2006**

	<u>2007</u>		<u>Variance -</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u>	<u>2006</u>
			<u>(Negative)</u>	<u>Actual</u>
Ordinance Enforcement				
Salaries and wages:				
Full-time employees		\$ 39,191		\$ 38,272
Longevity		3,919		3,827
Payroll taxes		3,178		3,108
Hospitalization and life insurance		10,825		10,012
Retirement contribution		5,486		5,358
Office supplies		506		880
Postage		439		-
Radio maintenance		53		154
Gasoline and oil		941		933
Communication		911		1,203
Legal fees		4,914		2,757
Education and travel		291		40
Capital outlay		-		14,650
Vehicle maintenance		173		1,053
Miscellaneous		-		100
Total Ordinance Enforcement	\$ 71,395	\$ 70,827	\$ 568	\$ 82,347

**ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended December 31, 2007
With Comparative Totals for the Year Ended December 31, 2006**

	<u>2007</u>		<u>Variance -</u>	<u>2006</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u>	<u>Actual</u>
Recreational and Cultural				
Parks and Recreation				
Salaries and wages:				
Full-time employees		\$ 34,452		\$ 28,115
Part-time employees		25,005		30,898
Overtime		491		840
Longevity		858		703
Retirement contribution		5,145		3,593
Payroll taxes		4,483		4,495
Life and health insurance		14,315		11,039
Operating supplies		4,213		4,613
Gasoline and oil		4,694		4,139
Utilities		15,279		10,447
Professional services		1,100		7,321
General insurance		8,548		7,992
Communication		1,724		1,603
Repairs and maintenance:				
Buildings		2,648		3,453
Equipment		4,124		8,483
Grounds		4,170		12,111
Vehicles		1,361		524
Uniforms		-		250
Education and travel		235		201
Capital outlay		13,591		509
Wilderness trail		3,779		9,190
Land improvements		-		23,051
Miscellaneous		-		300
 Total Parks and Recreation	 \$ 199,270	 \$ 150,215	 \$ 49,055	 \$ 173,870
 TOTAL EXPENDITURES	 \$ 1,204,640	 \$ 1,050,833	 \$ 153,807	 \$ 1,279,153

**ST. JOSEPH CHARTER TOWNSHIP
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
December 31, 2007**

	<u>Police Training</u>	<u>Police Drug Forfeiture</u>	<u>Building Department</u>	<u>Library</u>	<u>Total</u>
Assets					
Cash	\$ 5,942	\$ 2,842	\$ 108,469	\$ 17,464	\$ 134,717
Accounts receivable	-	-	-	126,131	126,131
Due from other funds	-	-	-	34,320	34,320
Prepaid expense	-	-	741	-	741
TOTAL ASSETS	<u>\$ 5,942</u>	<u>\$ 2,842</u>	<u>\$ 109,210</u>	<u>\$ 177,915</u>	<u>\$ 295,909</u>
Liabilities and Fund Equity					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 5,210	\$ -	\$ 5,210
Payroll liabilities	-	-	2,051	-	2,051
Deferred revenue	-	-	-	175,034	175,034
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,261</u>	<u>\$ 175,034</u>	<u>\$ 182,295</u>
Fund Equity					
Fund balances	<u>5,942</u>	<u>2,842</u>	<u>101,949</u>	<u>2,881</u>	<u>113,614</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 5,942</u>	<u>\$ 2,842</u>	<u>\$ 109,210</u>	<u>\$ 177,915</u>	<u>\$ 295,909</u>

**ST. JOSEPH CHARTER TOWNSHIP
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2007**

	<u>Police Training</u>	<u>Police Drug Forfeiture</u>	<u>Building Department</u>	<u>Library</u>	<u>Total</u>
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ 166,954	\$ 166,954
Licenses and permits	-	-	143,505	-	143,505
State grant	2,756	-	-	-	2,756
Charges for services	-	2,637	-	-	2,637
Interest	263	607	5,413	2,865	9,148
Other revenue	-	-	25	-	25
	<u>-</u>	<u>-</u>	<u>25</u>	<u>-</u>	<u>25</u>
Total Revenues	\$ 3,019	\$ 3,244	\$ 148,943	\$ 169,819	\$ 325,025
	<u>3,019</u>	<u>3,244</u>	<u>148,943</u>	<u>169,819</u>	<u>325,025</u>
Expenditures:					
General government	\$ -	\$ -	\$ -	\$ 166,998	\$ 166,998
Public safety	100	12,580	151,458	-	164,138
	<u>100</u>	<u>12,580</u>	<u>151,458</u>	<u>-</u>	<u>164,138</u>
Total Expenditures	\$ 100	\$ 12,580	\$ 151,458	\$ 166,998	\$ 331,136
	<u>100</u>	<u>12,580</u>	<u>151,458</u>	<u>166,998</u>	<u>331,136</u>
Net Change in Fund Balances	\$ 2,919	\$ (9,336)	\$ (2,515)	\$ 2,821	\$ (6,111)
Fund Balances, Beginning of Year	3,023	12,178	104,464	60	119,725
	<u>3,023</u>	<u>12,178</u>	<u>104,464</u>	<u>60</u>	<u>119,725</u>
FUND BALANCES, END OF YEAR	\$ 5,942	\$ 2,842	\$ 101,949	\$ 2,881	\$ 113,614
	<u>5,942</u>	<u>2,842</u>	<u>101,949</u>	<u>2,881</u>	<u>113,614</u>

**ST. JOSEPH CHARTER TOWNSHIP
NONMAJOR CAPITAL PROJECTS FUNDS
Combining Balance Sheet
December 31, 2007**

	Fire Improvement Fund	St. Joseph Charter Township Improvement Fund	Sewer Replacement and Improvement Fund
Assets			
Cash	\$ 189,833	\$ 18,349	\$ 29,115
 TOTAL ASSETS	 \$ 189,833	 \$ 18,349	 \$ 29,115
 Fund Equity			
Fund balance	\$ 189,833	\$ 18,349	\$ 29,115
 TOTAL FUND EQUITY	 \$ 189,833	 \$ 18,349	 \$ 29,115

Water Replacement and Improvement Fund	Eaton Park Grant	Economic Development Fund	Total
\$ 584,150	\$ 40,203	\$ 14,394	\$ 876,044
\$ 584,150	\$ 40,203	\$ 14,394	\$ 876,044
\$ 584,150	\$ 40,203	\$ 14,394	\$ 876,044
\$ 584,150	\$ 40,203	\$ 14,394	\$ 876,044

**ST. JOSEPH CHARTER TOWNSHIP
NONMAJOR CAPITAL PROJECTS FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Year Ended December 31, 2007**

	Fire Improvement Fund	St. Joseph Charter Township Improvement Fund	Sewer Replacement and Improvement Fund
Revenues:			
Contributions from local units	\$ -	\$ -	\$ -
Charges for services	-	-	-
Interest and rents	7,693	30,838	1,883
	<u>7,693</u>	<u>30,838</u>	<u>1,883</u>
Total Revenues	\$ 7,693	\$ 30,838	\$ 1,883
Expenditures:			
Current:			
General government	\$ -	\$ 2,226	\$ -
Public safety	15,446	-	-
Public works	-	-	-
Economic development	-	-	-
Recreation and cultural	-	-	-
Debt service:			
Principal	-	20,223	-
Interest	-	992	-
	<u>-</u>	<u>21,215</u>	<u>-</u>
Total Expenditures	\$ 15,446	\$ 23,441	\$ -
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (7,753)	\$ 7,397	\$ 1,883
Other Financing Sources (Uses):			
Operating transfers in	\$ -	\$ -	\$ (23,322)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ (23,322)
Net Change in Fund Balance	\$ (7,753)	\$ 7,397	\$ (21,439)
Fund Balance, Beginning of Year	197,586	10,952	50,554
FUND BALANCE, END OF YEAR	\$ 189,833	\$ 18,349	\$ 29,115

Water Replacement and Improvement Fund	Eaton Park Grant	Economic Development Fund	Total
\$ -	\$ -	\$ 22,500	\$ 22,500
20,500	-	-	20,500
<u>24,020</u>	<u>388</u>	<u>461</u>	<u>65,283</u>
<u>\$ 44,520</u>	<u>\$ 388</u>	<u>\$ 22,961</u>	<u>\$ 108,283</u>
\$ -	\$ -	\$ -	\$ 2,226
-	-	-	15,446
17,117	-	-	17,117
-	-	16,067	16,067
-	185	-	185
-	-	-	20,223
<u>-</u>	<u>-</u>	<u>-</u>	<u>992</u>
<u>\$ 17,117</u>	<u>\$ 185</u>	<u>\$ 16,067</u>	<u>\$ 72,256</u>
<u>\$ 27,403</u>	<u>\$ 203</u>	<u>\$ 6,894</u>	<u>\$ 36,027</u>
\$ -	\$ 40,000	\$ 7,500	\$ 24,178
\$ -	\$ 40,000	\$ 7,500	\$ 24,178
\$ 27,403	\$ 40,203	\$ 14,394	\$ 60,205
<u>556,747</u>	<u>-</u>	<u>-</u>	<u>815,839</u>
<u>\$ 584,150</u>	<u>\$ 40,203</u>	<u>\$ 14,394</u>	<u>\$ 876,044</u>

**ST. JOSEPH CHARTER TOWNSHIP
 PROPRIETARY FUNDS
 Statement of Expenses
 For the Year Ended December 31, 2007**

	<u>Sewer Fund</u>	<u>Water Fund</u>
Operating Expenses:		
Personnel costs	\$ 199,194	\$ -
Professional services	62,551	11,047
Contributions	71,097	83,495
Operating supplies	7,929	-
Gas and oil	7,420	-
Uniforms	1,389	-
Utilities	17,965	-
Insurance	11,258	-
Education and travel	420	375
Sewer treatment - St. Joseph	385,188	-
Sewer treatment - Benton Harbor	115,508	-
Fire hydrant rental	-	2,676
Repairs and maintenance	31,210	-
Equipment	24,129	-
Permit fees	-	500
Miscellaneous	<u>2,105</u>	<u>-</u>
Total Operating Expenses	<u>\$ 937,363</u>	<u>\$ 98,093</u>

**ST. JOSEPH CHARTER TOWNSHIP
FIDUCIARY FUNDS
Combining Balance Sheet
For the Year Ended December 31, 2007**

	Current Tax Fund	Delinquent Tax Fund	Benton Harbor Escrow Fund	Balance December 31, 2007
TOTAL ALL FIDUCIARY FUNDS				
Assets				
Cash	\$ 882,261	\$ 15,758	\$ 37,103	\$ 935,122
TOTAL ASSETS	<u>\$ 882,261</u>	<u>\$ 15,758</u>	<u>\$ 37,103</u>	<u>\$ 935,122</u>
Liabilities				
Accounts payable	\$ 7,098	\$ -	\$ -	\$ 7,098
Undistributed taxes, interest, licenses and revenues	316,758	7,593	4,946	329,297
Due to other governments	-	8,106	11,690	19,796
Due to other funds	<u>558,405</u>	<u>59</u>	<u>20,467</u>	<u>578,931</u>
TOTAL LIABILITIES	<u>\$ 882,261</u>	<u>\$ 15,758</u>	<u>\$ 37,103</u>	<u>\$ 935,122</u>

ST. JOSEPH CHARTER TOWNSHIP

COMMENTS AND RECOMMENDATIONS

December 31, 2007

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Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

January 29, 2008

Members of
St. Joseph Charter Township Board

In connection with our audit of the combined financial statements of St. Joseph Charter Township as of December 31, 2007, we have made a review of accounting procedures and internal control. While the primary objective of such a review is to afford us a basis of determining the scope of our audit procedures, it nevertheless presents us with an opportunity to submit, for your consideration, suggestions for changes in procedures, which, in our opinion, would strengthen internal control or contribute to the improvement of operating efficiency.

The comments in this letter are based upon observations made in the course of such review. The review was not designed for the purpose of expressing an opinion on internal accounting control, and it would not necessarily disclose all weaknesses in the system. The matters discussed herein were considered during our examination of the financial statements. We offer for your review the comments and recommendations as noted on the following page.

If we can be of any help in implementing any of these suggestions or if you have any questions regarding these or any other matters, please feel free to contact us.

Once again, we would like to thank all of the officials and employees of St. Joseph Charter Township for the cooperation and courtesy extended to us during the course of our engagement.

Very truly yours,


GERBEL & COMPANY, P.C.
Certified Public Accountants

Right. On time.

PHONE: 269-983-0534 ■ FAX: 269-983-7050 ■ EMAIL: gerbel@parrett.net ■ WEB SITE: www.gerbel.com 1

1. It was noted during the audit that there were instances of multiple purchase orders issued on the same day for repairs relating to the same project. One purchase order should be issued and approved in order to comply with Township policy.
2. During the year transfers from the General Fund were more than the budgeted amount. Care should be taken to budget for and approve all transfers.
3. We recommend that the Undistributed Tax Collection Account in the Current Tax Fund be reconciled on a monthly basis. Refunds in the Current Tax Fund should be posted to the Due to Taxpayer/Overpayment Account to improve efficiency of the reconciliation process.
4. We suggest that a physical inventory of fixed assets be taken for all Township fixed assets.
5. Our suggestions from prior years have been implemented in a timely and efficient manner.
6. The Township's administration and personnel displayed a high level of dedication and cooperation in performing their duties and assisting us in completing ours.